

Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)

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**Investor Targeting Strategy
for the
Investment Promotion Corporation
Middle East Update**

Final Report

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1. Introduction

1.1 Purpose

The Middle East ITS Update serves the purpose of preparing the Investment Promotion Corporation of Jordan to prepare for Advance and Direct promotion missions in Middle Eastern countries. The methodology of the report is modular, in the hopes that in the future, IPC can replicate this type of research when mapping its own investor targeting strategy.

The report is organized by country, and each module suggests various industries that IPC could target for promotion. These industries are highlighted in boldface print. Where there is overlap between modules (ie. When several modules point to the same industry), that particular sector is a good one to promote. While no strategy can perfectly predict how investors will react to incentives or the Jordanian business climate, this document is meant to be a springboard from which the IPC can commence its investment promotion efforts in the Middle East.

1.2 Review of Milestone 9

In 1998, TSG assisted the Investment Promotion Corporation (IPC) of Jordan in developing a comprehensive investor targeting strategy (ITS) for marketing mining, industrial, and tourism-related investment opportunities to the international community. This report consisted of the identification and analysis of targeted sectors, creation of a marketing plan, and investor services guidelines to improve the facilitation of IPC's functions. The analysis included a location audit of Jordan's present competitiveness and positioning as host for foreign direct investment relative to other countries such as Israel, Tunisia, Egypt, Cyprus, Lebanon, and Bahrain.

Methodology. Milestone 9 included sector structures and investment patterns for industrial and service sectors that TSG recommended for investment promotion. TSG recommended these industries based on the comparative advantage of Jordan, and sector-specific competitive trends. The initial universe of activities selected by TSG included:

- Downstream potash and phosphate
- Textiles and garments
- Dead Sea products
- Software engineering products
- Various tourism projects

TSG arrived at this list based on an analysis of Jordan's economic structure, complexion of Jordan's current industrial mix, trade flows, and discussions with IPC staff, Jordanian business community, foreign investors, and government officials. TSG then compared the resource requirements of these sectors with the physical attributes of Jordan, as analyzed and quantified in the location audit of Milestone 9. The firm also looked at the growth of each industry,

production and transportation costs, capacity of domestic and regional markets, and potential of the industry to increase employment and add to Jordan’s export earnings.¹

Recommendations. Milestone 9 assessed target markets in the Middle East, Europe, North America, Asia, and Africa. The matrix of targeted Middle Eastern countries and industries for overseas promotion is reprinted from the Milestone 9 report below. In that report, TSG recommended that IPC promote Apparel in the United Arab Emirates and Israel, Dead Sea cosmetics in Saudi Arabia, Bahrain, and Israel, and Fertilizers and Textiles in Israel. TSG used this matrix as a guide from which to expand its analysis in its updated targeting strategy for Middle Eastern countries—the focus of this report.

Table 1.2.1: Target Middle East Countries for Overseas Promotion²

	Potash/ Phosphate Fertilizer	Apparel	Textiles	Dead Sea Cosmetics	Tourism
United Arab Emirates		A			
Saudi Arabia				A	
Bahrain				A	
Egypt					
Israel	A	A	A	A	

Note: The letter A denotes “Merits sustained and direct promotion.”

In its recommendations, Milestone 9 also suggested the development and implementation of a six-month industry pilot promotion program consisting of a series of outward missions focusing on promoting investment opportunities in major markets. It suggested that, as a test, IPC should program advance investment missions in the Middle East, Europe/North America, and East Asia regions, gauging the level of interest in Jordan in each market. This pilot promotion program was designed to allow the IPC to plan for large-scale missions in major markets, and explore possible antennae offices abroad. In April and May, 1999, IPC conducted the first of these Advance Missions. Two TSG consultants accompanied the Head of the IPC Investment Promotion Department to Japan, Taiwan, Hong Kong, and India.

As a key element of this Middle East ITS Update, TSG staged a second Advance Mission to Saudi Arabia and the United Arab Emirates. Two consultants from the firm CDG-Al Jidara accompanied two IPC Promotion Officers to Saudi Arabia and the United Arab Emirates to gauge the interest in investing in Jordan among the business communities in those countries. This exercise forms an important element of the targeting methodology for the Middle East ITS Update, upon which Section 2 elaborates.

¹ The Jordan Location Audit can be found in “Annex B: Location Audit” of TSG’s Milestone 9 report.

² Adapted from “Table 4.1: Target Countries for Overseas Promotion” in Milestone 9, p. 4-3, 1998, TSG.

2. Methodology

2.1 Introduction

The goal of the Middle East ITS Update is to provide the IPC with accurate information regarding the potential of attracting the Middle Eastern business community to invest in Jordan. With this aim in mind, TSG devised a modular methodology for the ITS Update that examines the following variables that the firm feels is pertinent to investment flows:

- Module 1: Milestone 9 Recommendations
- Module 2: Regional Investment Trends
- Module 3: Jordanian Trade with Middle Eastern Countries
- Module 4: Middle East Exports to the United States
- Module 5: Dun & Bradstreet Database
- Module 6: Interviews with Middle East Investors in Jordan
- Module 7: Advance Mission Interviews

These elements of the methodology are elaborated in more detail below.

2.2 Milestone 9 Recommendations

“Section 1: Introduction” of this report described the goals, methodology, and outcome of the Milestone 9 report that TSG developed for the IPC in 1998. The Middle East ITS Update takes the industries and Middle East countries that TSG recommended for promotion as a point of departure for further analysis.

2.3 Regional Investment Trends

Based on its marketing research for the Aqaba Freeport and Special Economic Zone, TSG has amassed proprietary data about investment inflows into the Middle East region. TSG reviewed reported inward foreign investment activity in the Middle East for the six-year period from 1993 to 1998. This TSG research covered the following Middle Eastern markets: Turkey, Egypt, Israel, Jordan, Lebanon, Syria, Kuwait, Saudi Arabia, the United Arab Emirates, Bahrain, Qatar, Oman, Yemen, and Iran.

TSG identified announced investments via thorough research on electronic databases, library networks, and industry publications.³ TSG included strategic alliances in order to capture the entire universe of exercises that involve interactions between overseas and local companies. Intra-regional investments were covered as well. Table 2.3.1 on the next page shows the published investment into the Middle East region between 1993 and 1998.

³ Sources used include: IAC-INSITE, Economist Intelligence Unit, Lexis-Nexis, ABI-Inform, and the Internet.

Table 2.3.1: Reported Foreign Investment in Selected Industries in the Middle East (1993-1998)⁴

Industry	Year							Total	Average per Year
	1993	1994	1995	1996	1997	1998	Planned (1999-2000)		
Manufacturing									
Agrochemicals	0	2	1	4	5	6	2	17*	3
Downstream Cement Products	1	0	0	0	0	1		2	
Dead Sea Cosmetics	1		1	1		1		4	.7
Printing and Publishing	2	5	2	0	1	5		15	2.5
Food Processing	7	7	4	9	7	1		35	5.8
Specialized Automotive Assembly	5	4	2	4	4	0		19	6.3
Pharmaceuticals	6	2	2	13	4	5		32	5.5
Electrical Appliances	5	2	8	4	3	1		23	4.5
Textiles and Apparel								30	
Total								178	
Services									
Logistics/Freight Forwarding	5		5	6	13	4		33	5.5
Aviation Services	8	6	4	5	5	3		31	5.2
Ship Repair	0	0	2	0	0	0		2	
Medical Care Services	1	0	1	1	11	6		20	3.3
Engineering Services	7	2	1	1	5	1		17	2.8
IT/Software Development	7	3	4	1	1	2		18	3
Total								121	
Tourism									
Hotels and Resorts	17	12	22	42	26	31	17	150*	24.3
Total								449	69.1

* Total does not include planned investments.

For the Middle East ITS Update, TSG utilized the data from Table 2.3.1. The data is useful for getting a rough indication of investment in the Middle East over the past five years. The following sectors attracted an average of more than five investments per year:

- **Food Processing**
- **Specialized Automotive Assembly**
- **Pharmaceuticals**
- **Logistics and Freight Forwarding**
- **Aviation Services**
- **Hotels and Resorts**

⁴ Reprinted from "Table C1.1: Reported Foreign Investments in Selected Industries in the Middle East (1993-1998)" in "Annex C1: Regional Investment Trends," of the Draft Report Aqaba Freeport and SEZ Study Volume 2: Comparative Advantage and Market Definition, 1998, TSG.

This list indicates the industries in the Middle East that have been attractive from an international investor's point-of-view. It does not, however, disaggregate the investment flows by individual country or offer an exhaustive list of all investment flows to the region, and is not likely to capture many of the "silent partner"-type investments that are common amongst Middle East businesspersons investing within the region.

2.4 Jordanian Trade with Middle East Countries

There exist close and growing linkages between trade and investment in a world economy that is becoming increasingly integrated. Foreign direct investment is often a complementary means to trade in order to access foreign markets, and business decisions are sensitive to the complex interlinks between trade and investment. In Middle Eastern countries, especially, familiarity with the Jordanian business community through friendship or kinship ties remains important to the trust level required for investors to put their capital in the Jordanian economy.

Thus, TSG uses Jordanian trade statistics as an important variable for establishing what industries might be suitable for promotion in various Middle Eastern countries (Bahrain, Saudi Arabia, Egypt, Turkey, Oman, United Arab Emirates, Qatar, Lebanon, Syria, Israel, Kuwait, and Yemen). TSG gathered data on Jordan's imports and exports with the countries listed above from the Jordan Department of Statistics:⁵ Data was classified at the 2-digit level Harmonized System (HS) Codes, a standard system used by Customs for classifying imports and exports. Because some statistics were only available from the Department of Statistics at the 2-digit code level, the trade data can only give a rough indication of the specific sectors in which Jordan enjoys a strong trade relationship. Table 2.4.1 on the next page provides a summary of the three sectors in which Jordan imports the most from Middle Eastern countries. The trade amounts in the table are expressed in Jordanian dinar, and are a sum of Jordan's imports or exports between 1994 and 1997. A more extensive display of the Jordan trade statistics utilized by TSG is included in "Annex C: Jordan Trade Statistics."

Where relatively large amounts of imports and exports exist between Jordan and Middle East countries—such as in the chemicals, textiles and minerals sectors as shown in Table 4.2.1—investment could follow in several ways:

- In cases where Jordan imports large amounts of a consumer goods for domestic consumption, an investor might choose to establish an operation in Jordan in order to serve the local market.
- In cases where Jordan imports raw materials, meat, or produce from abroad, an investor might invest in a processing or refining operation to serve the local market.
- Increases in Jordanian exports of a good or commodity might indicate the growth of a certain sector. Investors are often interested in putting their capital where the chances for growth are strong.

⁵ This data can be accessed from the Department of Statistic's Internet page at <http://www.dos.gov.jo>.

Table 2.4.1: Summary of Jordan-Middle East Trade Statistics

Chemicals Imports				Chemicals Exports		
Country						
BAHRAIN	41.22%	1	66,514,708	2.21%		
SAUDI ARABIA	23.51%	2	37,943,435	50.01%	1	143,676,504
EGYPT	12.22%	3	19,717,051	8.65%	3	24,860,723
TURKEY	8.41%	4	13,577,166	3.42%		
OMAN	6.72%	5	10,849,215	3.92%		
U.A. EMIRATES	3.03%		TOTAL 148,601,575	12.13%	2	34,840,853
QATAR	2.04%		92.09%	2.27%		
LEBANON	1.23%			5.13%	4	14,747,766
SYRIA	0.67%			5.48%	5	15,737,948
ISRAEL	0.59%			0.80%	TOTAL	233,863,794
KUWAIT	0.37%			0.10%		81.41%
YEMEN	0.00%			5.89%		
CUM. JD			161,372,662			287,282,242

Textiles Imports				Textiles Exports		
Country						
SYRIA	52.76%	1	62,707,163	4.11%		
TURKEY	29.28%	2	34,801,832	16.28%	3	8,286,391
EGYPT	6.71%	3	7,979,733	4.59%		
ISRAEL	5.55%	4	6,598,428	23.33%	1	11,873,131
SAUDI ARABIA	3.48%	5	4,138,581	16.76%	2	8,526,499
LEBANON	1.61%		TOTAL 116,225,737	8.93%	5	4,544,928
U.A. EMIRATES	0.52%		97.80%	12.17%	4	6,190,131
OMAN	0.03%			3.07%	TOTAL	39,421,080
QATAR	0.02%			3.36%		77.47%
BAHRAIN	0.01%			0.84%		
KUWAIT	0.01%			0.35%		
YEMEN	0.00%			6.20%		
CUM. JD			118,845,245			50,884,284

Minerals Imports				Minerals Exports		
Country						
SAUDI ARABIA	63.30%	1	55,784,702	12.98%	3	17,045,483
U.A. EMIRATES	14.75%	2	12,994,416	0.10%		
LEBANON	14.74%	3	12,985,263	0.54%		
OMAN	3.33%	4	2,936,247	0.01%		
EGYPT	1.51%	5	1,331,393	1.06%		
TURKEY	1.05%		TOTAL 86,032,021	14.43%	2	18,951,177
SYRIA	0.81%		97.63%	60.10%	1	78,922,934
QATAR	0.48%			0.06%		
BAHRAIN	0.02%			0.08%		
KUWAIT	0.01%			1.82%	5	2,385,385
ISRAEL	0.00%			0.63%		
YEMEN	0.00%			8.19%	4	10,753,233
CUM. JD			88,122,078			131,309,989
					TOTAL	128,058,212
						97.52%

Note: Monetary amounts in the above table are given in Jordanian dinar. JD1=US\$.70

- Strong trade activity indicates knowledge and trust of the Jordanian market and business community. Such relationships are essential for fostering investment among Middle East investors.

Investors might also find Jordan an attractive location from which to serve the Middle Eastern regional market. One could obtain a better understanding for this potential by looking at trade flows between various Middle East countries. For example, if Saudi Arabia, Egypt, and Jordan are importing large quantities of biscuits from Turkey, a Turkish processed food company might see Jordan as a centrally located platform from which to produce and distribute its biscuits.

The resources were not at TSG's disposal to analyze such intra-Middle East trade flows. However, this would be an interesting exercise for IPC to conduct should they want to investigate it in the future. Since the size of the Jordanian economy is quite small, it is more likely that a foreign firm would establish operations in Jordan if it could serve a wider regional market. Therefore, collection of regional trade data will be crucial, especially when IPC develops targeting strategies for Asian, North American, and European investors.

2.5 Middle East Exports to the United States

Jordan's Qualified Industrial Zones (QIZs) offer quota and duty-free access to the United States market provided the investor meets certain Israeli/Palestinian and Jordanian content requirements. Therefore, firms that export large quantities of goods to the United States—especially those faced with high tariffs or quota limitations—find the QIZ an attractive investment opportunity.

Through data obtained from the U.S. Census Bureau, TSG analyzed exports from the Middle East (Egypt, Israel, Saudi Arabia, Turkey, United Arab Emirates, Qatar, Oman, and Bahrain) to the United States between 1997 and 1998. These trade figures are classified at the 4-digit Standard Industrial Trade Classification (SITC) code level, and are, thus, quite detailed in the sectors that they identify. "Annex C: Middle East Exports to the United States" shows this database in detail. A table that summarizes the trade statistics is printed on the next page.

The table summarizes those industrial sectors in various Middle Eastern countries that have greater than US\$ 75 million annual exports to the United States. Utilizing this table is a starting point for identifying industries that might find the Jordan QIZs attractive. One should not, however, assume that because an industry is in the chart, it is an immediate candidate for investment promotion. For example, although both enjoy large imports to the United States, garment manufacturing is a better candidate for promotion in the QIZ than olive oil. In addition to tariffs, garments face import quotas to the U.S. market. Additionally, cutting, sewing, and finishing garments require extensive labor that easily meets the value-added provisions of the QIZ agreement between Jordan and the United States.

Jordan's QIZs are not suitable for promotion in all Middle Eastern countries due to the Israeli content stipulations of the QIZ agreement. Jordan should not promote its QIZs in any countries that do not maintain diplomatic or cordial relations with Israel. In the Middle East, IPC should

Table 2.5.1: Summary of Sectors with the Largest Amount of Exports from the Middle East to the United States

FINAL SITC SELECTION POTENTIAL JORDANIAN SUBSECTORS BASED UPON IMPORTS TO THE USA	EGYPT	ISRAEL	SAUDI ARABIA	TURKEY	UNITED ARAB EMIRATE c	QATAR	OMAN	BAHRAIN
EDIBLE NUTS (EXCLUDING NUTS CHIEFLY USED FOR THE EXTRACTION 577 OF OIL), FRESH OR DRIED, WHETHER OR NOT SHELLED OR PEELED				X				
4214 OLIVE OIL AND OTHER OIL OBTAINED FROM OLIVES				X				
5121 ACYCLIC MONOHYDRIC ALCOHOLS			X					X
ACYCLIC ALCOHOLS, N.E.S. AND THE HALOGENATED, SULFONATED, 5122 NITRATED OR NITROSATED DERIVATIVES OF ACYCLIC ALCOHOLS			X					
5145 AMINE-FUNCTION COMPOUNDS		X						
5146 OXYGEN-FUNCTION AMINO-COMPOUNDS		X						
5157 HETEROCYCLIC COMPOUNDS N.E.S.; NUCLEIC ACIDS ETHERS, ALCOHOL PEROXIDES, ETHER PEROXIDES, EPOXIDES, ACETALS AND HEMIACETALS, AND THEIR HALOGENATED, SULFONATED, 5161 NITRATED OR NITROSATED DERIVATIVES			X		X			
ESTERS OF INORGANIC ACIDS AND THEIR SALTS AND HALOGENATED, 5163 SULFONATED, NITRATED OR NITROSATED DERIVATIVES		X						
CHLORIDES, CHLORIDE OXIDES AND HYDROXIDES; BROMIDES AND 5232 BROMIDE OXIDES; IODIDES AND IODIDE OXIDES		X						
5429 MEDICAMENTS, N.E.S. PLATES, SHEETS, FILM, FOIL AND STRIP OF PLASTICS, NONCELLULAR, NOT SELF-ADHESIVE AND NOT REINFORCED, LAMINATED, OR 5822 SUPPORTED BY OTHER MATERIALS N.E.S.		X		X				
COTTON YARN, OTHER THAN SEWING THREAD, PACKAGED FOR RETAIL 5613 SALE OR NOT	X							
WOVEN FABRICS OF ARTIFICIAL STAPLE FIBERS, NOT UNDER 85% (WEIGHT) OF SUCH FIBERS (OTHER THAN PILE OR CHENILLE AND 6536 NARROW OR SPECIAL FABRICS)				X				
WOVEN FABRICS OF ARTIFICIAL STAPLE FIBERS, UNDER 85% (WEIGHT) OF SUCH FIBERS (OTHER THAN PILE OR CHENILLE AND NARROW OR 6538 SPECIAL FABRICS)				X				
KNITTED OR CROCHETED FABRICS (EXCLUDING PILE FABRICS), NOT 6552 IMPREGNATED, COATED, COVERED OR LAMINATED		X						
NONWOVENS, WHETHER OR NOT IMPREGNATED, COATED, COVERED 6572 OR LAMINATED, N.E.S.		X						
6584 LINENS FOR THE BED, TABLE, TOILET AND KITCHEN CARPETS AND OTHER TEXTILE FLOOR COVERINGS, KNOTTED, 6592 WHETHER OR NOT MADE-UP		X		X				
DIAMONDS (OTHER THAN SORTED INDUSTRIAL DIAMONDS), WORKED OR NOT, BUT NOT MOUNTED OR SET 6672			X					
PRECIOUS AND SEMIPRECIOUS STONES (NO DIAMONDS) NOT STRUNG, MOUNTED ETC.; UNGRADED PRECIOUS AND SEMIPRECIOUS STONES (NO DIAMONDS), STRUNG FOR TRANSPORT 6673		X						
KNIVES AND CUTTING BLADES FOR MACHINES OR MECHANICAL APPLIANCES; INTERCHANGEABLE TOOLS FOR HAND OR MACHINE 6956 TOOLS; TOOL PLATES, STICKS, TIPS, ETC.			X					
TYPESETTING AND TYPEFOUNDING MACHINERY ETC. FOR MAKING PRINTING TYPE ETC.; PRINTING BLOCKS, PLATES, LITHOGRAPHIC 7263 STONES AND OTHER PRINTING COMPONENTS		X						
7266 PRINTING MACHINERY AND MECHANICAL APPLIANCES SPECIALIZED FOR A 7284 PARTICULAR INDUSTRY, N.E.S.		X						
PARTS, N.E.S. OF MACHINERY FOR PUBLIC WORKS ETC., FOR PREPARING ANIMAL OR FIXED VEGETABLE FATS AND OILS, AND 7285 SPECIALIZED FOR PARTICULAR INDUSTRIES		X						
7429 PARTS OF PUMPS FOR LIQUIDS AND LIQUID ELEVATORS PARTS OF CENTRIFUGES (INCLUDING CENTRIFUGAL DRYERS) AND 7439 FILTERING OR PURIFYING MACHINERY AND APPARATUS		X		X				
SHIPS' DERRICKS; CRANES (INCLUDING CABLE CRANES); MOBILE LIFTING FRAMES; STRADDLE CARRIERS AND WORKS TRUCKS FITTED 7443 WITH A CRANE					X			
7478 TAPS, COCKS, VALVES AND SIMILAR APPLIANCES, N.E.S. DIGITAL PROCESSING UNITS WHETHER OR NOT PRESENTED WITH THE REST OF THE SYSTEM WHICH MAY CONTAIN STORAGE UNITS, INPUT 7523 UNITS OR OUTPUT UNITS		X						
INPUT OR OUTPUT UNITS WHETHER OR NOT PRESENTED WITH THE REST OF A SYSTEM AND WHETHER OR NOT CONTAINING STORAGE 7526 UNITS IN ONE HOUSING IN DATA PROCESSING		X						

actively promote the QIZs in Israel, Turkey, and within Jebel Ali Free Zone in the United Arab Emirates.

2.6 Dun & Bradstreet Database

TSG purchased a database of Middle Eastern companies from Dun & Bradstreet especially for the purpose of conducting the Middle East ITS Update.⁶ Dun & Bradstreet is a provider of business-to-business credit, marketing, purchasing, management, and decision support services worldwide. The firm also has a comprehensive database covering more than 57 million businesses in over 200 countries. Duns & Bradstreet continually updates this business information using third-party business and government sources.

TSG requested that Dun & Bradstreet assemble a database of companies located in the Middle East in the particular sectors identified in Table 2.5.1 on Page 8. The database consists of 891 companies located in Egypt, Israel, Saudi Arabia, Turkey, and the United Arab Emirates.

While the Dun & Bradstreet database does not include all companies in the Middle East, it is a useful tool for the investor targeting strategy for several reasons:

The database shows the relative size of an industry in the region. IPC can use this to gauge where to expend its limited promotion resources. For example, there are 208 textile and garment manufacturing companies listed for Turkey, but none listed for Saudi Arabia.

- The database lists the location of the companies by city, as well as country. Thus, IPC can determine what cities within a given country to target for its investment promotion missions.
- Most companies in the database list their local sales and number of employees. With this information, IPC can target the companies with resources large enough to consider overseas investment.
- Some companies in the database have reported their annual sales to the United States. These would be good companies to target for locating in Jordan's QIZs.
- The names, addresses, and telephone numbers of the top management of the companies listed in the database will prove helpful for IPC when preparing for advance missions to Middle Eastern countries.

2.7 Interviews with Middle East Investors in Jordan

In August 1999, TSG and CDG-Al Jidara conducted interviews with four Jordanian organizations and nine Middle Eastern businessmen--or their Jordanian representatives--with investments in Jordan. The investors came from Saudi Arabia, United Arab Emirates, Oman,

⁶ TSG delivered an electronic version of this database, and instruction on its usage, to IPC in November 1999.

Egypt, and Turkey. The names of the individuals and companies visited is listed in "Annex A: List of Meetings," and the field notes from these interviews are printed in "Annex B: Meeting Notes." The purpose of these meetings was fivefold:

- To learn more about various industries that Middle Eastern investors have found attractive in Jordan
- To gauge the potential interest of Middle East investors in expanding their investments in Jordan
- To solicit the recommendation of investors of other potential sectors that Jordan should promote in the Middle East
- To secure contact information of the investors in their home countries in preparation of IPC's Advance Missions to Middle Eastern countries
- To understand the success and difficulties investors have had in their attempts to invest in Jordan.

2.8 Advance Mission Interviews

In September and October, 1999, CDG-Al Jidara consultants accompanied two IPC staff members to the United Arab Emirates and Saudi Arabia. They interviewed thirty-two companies in the United Arab Emirates and eighteen companies in Saudi Arabia. These companies are listed in "Annex A: List of Meetings," and the field notes are printed in "Annex B: Meeting Notes."

The interviews accomplished the following goals:

- To further investigate industries that might warrant investment promotion based on the Milestone 9 suggestions, regional investment trends, trade statistics, and input from IPC
- To become acquainted with the complexion of various industries and business communities in the Gulf region
- To gauge the interest of the Saudi and Emirati business communities in investing in Jordan
- To discover the best strategies for promoting Jordan in Saudi Arabia and the United Arab Emirates

3. Saudi Arabia

3.1 Introduction

Political and business relations between Saudi Arabia and Jordan have significantly warmed during 1999. This has created an advantageous climate in which to promote Jordanian business opportunities to Saudi investors.

In February 1999, a Jordanian cabinet delegation met with Saudi Crown Prince Abdallah bin Abdel Aziz, who expressed support for the Jordanian economy. The main objective of this meeting was to promote Saudi investment projects in Jordan. During the same month, Saudi officials promised US\$ 250 million in financial aid in addition to a deposit of US\$ 450 million in the Central Bank of Jordan.⁷ During spring 1999, Saudi Arabia also received a visit from His Majesty, King Abdullah.

In the wake of these diplomatic efforts, Saudi Arabia has agreed to allow imports of Jordanian agricultural produce, allow Jordanian trucks to pass through Saudi territory, and remove hurdles against hiring Jordanian labor. The Jordanian labor force is highly embraced by Saudi Arabia. Work and visitor visas for Jordanian men are more accessible than ever before.

Despite the warming of relations between the two countries, political good will is no longer the single determining factor motivating Saudi and other Gulf investors to put capital in Jordan. Investors, who often act as silent partners in business ventures throughout the world, expect good returns on their capital. Political good will might be a motivating factor, but it is secondary to finding trusted overseas partners with project feasibility studies from which to choose.

3.2 Milestone 9 Recommendations

TSG's 1998 Investor Targeting Strategy (ITS) for Jordan--also known as Milestone 9--recommended Saudi Arabia in the top seven markets where Jordan should concentrate its promotion efforts. The other countries suggested were Italy, United States, Germany, United Kingdom, Kuwait, and the Netherlands. Specifically, the Milestone 9 study suggested promoting the **Dead Sea Cosmetics** industry in Saudi Arabia. Milestone 9 characterizes the Dead Sea Cosmetics Sector in Jordan by the low cost of minerals and labor relative to Jordan.

3.3 Jordanian Trade with Saudi Arabia

Foreign direct investment often follows trade flows. Therefore, TSG investigated the complexion of Jordanian imports and exports to and from Saudi Arabia. Table 3.2.1, below, presents Jordan-Saudi trade in selected sectors, and compares these trade flows with the Middle

⁷ "Expected Saudi Aid Raises Hope in Jordan," *Jordan Star*, Feb. 18, 1999.
<http://star.arabia.com/990218/EC1.html>

Eastern countries whose trade ranks number one with Jordan in each respective industry. The trade amounts in the table below represent the sum of Jordan's imports or exports with Saudi Arabia between 1994 and 1997. The industries are classified at the Harmonized System 1-digit level.⁸ The entire data set for these industries is printed in "Annex C: Jordan Trade Statistics."

Table 3.3.1: Jordanian Trade with Saudi Arabia

Industry	Imports		Exports	
	Saudi Arabia	#1 Middle East Country	Saudi Arabia	#1 Middle East Country
Chemicals	37,940,435	66,574,709 (Bahrain)	140,676,504	140,676,504 (Saudi Arabia)
Textiles	4,138,581	62,707,160 (Syria)	8,526,499	11,873,131 (Israel)
Minerals	55,784,702	55,784,702 (Saudi Arabia)	17,045,480	78,922,934 (Syria)
Metals	64,412,509	100,872,958 (Turkey)	11,644,670	11,709,343 (Syria)
Machinery and Appliances	20,974,736	34,892,412 (Turkey)	5,957,244	12,071,338 (UAE)
Vegetable Products	19,961,030	184,049,932 (Syria)	27,663,325	96,060,108 (UAE)
Plastics	123,480,297	123,480,297 (Saudi Arabia)	11,111,098	18,094,774 (UAE)
Prepared Foodstuffs	7,102,104	32,009,834 (Egypt)	5,799,239	5,874,894 (Lebanon)
Stone and Cement	5,300,287	15,788,393 (Turkey)	24,819,483	24,819,483 (Saudi Arabia)

Note: Unit of currency is the Jordanian dinar. Figures are sums of imports or exports from 1994 to 1997.

This table illustrates that Jordan imports a relatively large amount of **chemicals, minerals, metals, and plastics** from Saudi Arabia. Likewise, Jordan exports a relatively large amount of chemicals to Saudi Arabia. Saudi Arabia is also Jordan's largest export market in the Middle East for **stone and cement products**. Because trade in these sectors is relatively large, the Saudi business community might be more acquainted with these industries than others in Jordan.

3.4 Saudi Arabian Exports to the United States

TSG analyzed Middle Eastern exports to the United States in order to gauge in what industries IPC should promote its QIZs. However, **the QIZ is not an arrangement to promote to Saudi investors** due to the Israeli content requirement of products produced in a QIZ. However, statistics for Saudi Arabia are still included in "Annex D: Middle East Exports to the United States," which shows the sectors, based on trade flows, that might have the most potential in a QIZ in the absence of political objections.

⁸ Source: Jordan Department of Statistics. <http://www.dos.gov.jo>

3.5 Dun & Bradstreet Database

TSG ordered a database from Dun & Bradstreet based on the industries that see the largest amounts of exports from the Middle East to the United States. The database produced only seven companies for Saudi Arabia, and, based on Saudi objection to the QIZ arrangement, the database is not a useful tool for industry targeting or promotion in Saudi Arabia.

3.6 Interviews with Saudi Arabian Investors in Jordan

Between August 17 to 25, TSG and CDG-Al Jidara interviewed Saudi Arabian investors, or their management representatives, in Jordan. A full list of the meetings conducted in Jordan is included in "Annex A: List of Meetings." The field notes from these meetings comprise "Annex B: Meeting Notes." The following provides a summary of these meetings.

- **Amman Chamber of Industry:** The Saudis have good technology and reputable international names in the **foodstuff** industry. They are subsidized by their government, and have access to inexpensive water and electricity. This makes Jordan less competitive.
- **Amman Chamber of Commerce:** Saudi investors might be interested in investing in "**family tourism**," such as small houses based on timeshare ownership, and catering to religious pilgrims coming to and from Saudi Arabia. Saudi investors might also be interested in **transportation**.
- **LG Electronics:** Personal connections are important to retaining Saudi investors. Saudi Arabia has a shortage of workers, and must hire labor from abroad. Jordanian employees are seen as hard workers. Additionally, Jordan has very good **technical education**. **Computer hardware** and **software** might be good industries for Jordan to promote in Saudi Arabia. Saudi investors would not be interested in investing in plastics.
- **Saudi Bin Ladin Group:** Company invests in non-residential construction, power plants, and dams. Many obstacles to investment exist in Jordan. The typical Saudi investor likes to act as a silent partner, but needs to be familiar with Jordanian projects in the pipeline. **Government infrastructure projects** are attractive to Saudi investors.
- **Vendome Hotel:** The Municipality of Amman creates bureaucratic hurdles that hinder investment in the hotel sector. The Saudi business community likes to have close connections in Jordan before doing business.
- **Al Riyadh Al Khadra'a:** The food industry in Saudi Arabia is quite large, and it is easier to export processed food products from Saudi Arabia than Jordan. In Jordan, Saudis might be interested in investing in **agriculture**, **pharmaceuticals**, **software**, **IT consulting**, **fertilizers**, and **seed engineering**.
- **Amman Pharmaceuticals: Pharmaceuticals** would be a very good industry for Jordan to target in Saudi Arabia. If Jordan wants to break through and emerge as a leader in the

pharmaceutical industry, it should be the first Middle Eastern country to specialize in **biotechnology**, and **non-conventional pharmaceutical products** such as organic solvents, globulin, and medicated rubber.

3.7 Advance Mission Interviews

During September and October 1999, a consultant from CDG-Al Jidara accompanied an IPC employee to the Kingdom of Saudi Arabia. The mission was initiated by the IPC with intent to prepare for a Direct Mission to Saudi Arabia by the IPC to promote investment in Jordan and better understand the Saudi investment environment. A list of these meetings is included in "Annex A: List of Meetings," and field notes from the Advance Mission are printed in "Annex B: Meeting Notes."

The mission objectives included:

- Familiarizing IPC with the business community in Saudi Arabia
- Investigating possible sectors for investment promotion
- Gauge the Saudi private sector interest in investing in Jordan by learning where and how they prefer to invest
- Assuring the success of a Direct Mission to Saudi Arabia by IPC

Saudi Arabia has extremely cheap fuel costs--about one-third the cost of Jordan. This provides a discount to industries of high fuel consumption such as steel manufacturing, and of those manufacturing by-products of petroleum such as plastics and petrochemicals.

However, Saudi sponsorship requirements limit profits, as the Saudi national sponsor must retain a minimum of 51 percent ownership of a company. The current Saudization quota requirements will contribute to raising cost and decreasing efficiency over time, as the increase of 5 percent per year is starting to take a bite out of companies' profits.⁹ This makes Jordan a comparatively better investment location than Saudi Arabia in several sectors.

Based on suggestions by the Saudi business community visited during the Advance Mission, Jordan may have a competitive edge in the following industries:

- **Pharmaceuticals:** The industry has well perceived quality and price by the Saudi manufacturers and traders. Additionally, Jordanian pharmaceuticals enjoy cheap and efficient management and lab/assembly workers--one-third the cost of Saudi Arabia. The

⁹ The effort to Saudize stems from the fact the remittances of the foreign labor to their respective countries reached US\$ 16 billion in 1998, while income from the cheap oil reached only US\$ 32 billion in 1998. The so-called cheap imported labor from India, Pakistan and the Far East costs almost US\$ 1,500 per month for unskilled labor when incorporating residency permits, airline tickets, agents and housing costs.

industry will need to address larger markets through ventures especially after WTO accession and compliance with intellectual property rights. Two firms in Jordan already have Saudi investors (APM and JPM), and two firms in Saudi have Jordanian Investors.

- **Software Development:** Jordan has relatively inexpensive and efficient technical programming labor compared with Saudi Arabia.
- **Privatization Schemes:** Companies being privatized through sale, concession, and build-own-operate or build-own-transfer (BOO/BOT) schemes in sectors such as **transportation, telecommunications, and water distribution and management.**
- Other possible sectors include **food processing, hospitality, hospitals and other medical services, and manufacturing of medical disposables, vocational training, banking and banking services, insurance and insurance services, supermarkets and food chains, distribution networks and systems for goods, and food and refrigerated products.**

4. United Arab Emirates

4.1 Introduction

The Gulf War negatively affected Jordan's economic and political ties with the United Arab Emirates. Relations between the two countries have significantly warmed in the past year, however. Jordan received an outpouring of sympathy and support from the United Arab Emirates in the months following the death of His Majesty King Hussein. Additionally, the diplomacy of His Majesty King Abdullah has been working to restore confidence in all Gulf countries. In February 1999, the UAE deposited US\$ 150 million in the Central Bank of Jordan in order to maintain the value of the dinar.¹⁰ Additionally, the business community in the UAE has also shown recent interest in exploring investment opportunities in Jordan.

The United Arab Emirates is a country that will require two different investment promotion strategies—one for Emirati and Jordanian expatriate investors, and one for foreign companies located in the Emirates' free zones.

The Emirati business community is quite conservative. Oil-rich investors in Abu Dhabi prefer capital-intensive and privatization projects that have a long-term return on investment. The business community in Dubai, on the other hand, is more active in trade and manufacturing. Like businesspeople in Saudi Arabia, Emirati investors require trusting partnerships with Jordanian business partners, and prefer access to feasibility studies for existing projects in the pipeline.

Foreign companies located in the UAE's free zones, on the other hand, might be interested in Jordan's QIZs as a location to move or expand their operations from the Emirates.

4.2 Milestone 9 Recommendations

TSG's 1998 Milestone 9 report recommends promoting the Jordanian apparel industry in the United Arab Emirates. It specifically suggests targeting **apparel** and **textile** manufacturers located in Jebel Ali Free Zone in Dubai. Most of these companies are non-Emirati-owned or subsidiaries of garment manufacturers in China, Taiwan, Hong Kong, or India. Many of them face quota restrictions in the United States market and/or have grown to the size where they are ready to expand their operations within the Middle East. The Jordan QIZs provide an attractive location for such expansion.

Milestone 9 describes Jordan's principal advantages with respect to the apparel industry as follows:

¹⁰ "Gulf States Head for New Era in Relations with Jordan," *Jordan Star*, Feb. 25, 1999.
<http://star.arabia.com/990225/JO1.html>

- Low cost, particularly Asian, apparel manufacturers tend to base their investment decisions on a location's ability to provide unmet quotas. Jordan's status as a quota-free manufacturing location will be attractive to potential investors.
- Labor-intensive apparel manufacturers require significant quantities of low-wage, unskilled workers. Jordan wage rates, higher than many apparel-producing countries, are still lower than those in Israel.
- Jordan is capable of supplying reliable supply of electricity represents a necessary input for apparel manufacturers. Since infrastructure conditions in Jordan are better than many apparel industry manufacturing locations worldwide, this would not be an issue.

Milestone 9 describes Jordan's principal disadvantages as follows:

- Textiles represent apparel manufacturers' major raw material input. Jordan currently does not have a viable textile industry. Jordan has neither the water required for fabric dyeing nor the skilled labor required for highly mechanized yarn weaving and knitting. Consequently, firms choosing to locate in Jordan would need to incur the cost of transporting their textiles; this factor could act as a disincentive.
- By nature, labor-intensive apparel manufacturers are export-oriented and require competitive air freight and sea freight rates. Relatively high transportation rates represent one of Jordan's disadvantages, which would partially impede Jordan's potential to attract FDI.

4.3 Jordanian Trade with the United Arab Emirates

In the past five years trade between Jordan and Gulf Cooperation Council (GCC) countries has more than doubled. In 1993, for example, Jordan exported JD 134 million worth of goods to GCC countries. By 1997, this had increased to JD 265 million. Likewise, in 1993, Jordan imported JD 70 million from the GCC, but by 1997 was importing JD 141 million. **Medical products** constituted a large part of Jordan's exports to the region. However, some estimate that this type of export might witness a decline due to the rapid improvement of Saudi and Emirati medical industries, which attract more markets in the GCC and other Arab countries. Jordan's entry into the WTO will also impose more strict control of medical products, which could negatively affect trade, and possibly investment, in the pharmaceutical and medical devices sectors.

Table 4.2.1, on the next page, presents Jordan-UAE trade in selected sectors, and compares these trade flows with the Middle Eastern countries whose trade ranks number one with Jordan in each respective industry. The trade amounts in the table below represent the sum of Jordan's imports or exports with the United Arab Emirates between 1994 and 1997. The industries are classified at the Harmonized System 1-digit level.¹¹

¹¹ Source: Jordan Department of Statistics. <http://www.dos.gov.jo>

Table 4.3.1: Jordanian Trade with the United Arab Emirates

Industry	Imports		Exports	
	UAE	#1 Middle East Country	UAE	#1 Middle East Country
Chemicals	4,884,692	66,574,709 (Bahrain)	34,840,853	140,676,504 (Saudi Arabia)
Textiles	620,063	62,707,160 (Syria)	6,190,131	11,873,131 (Israel)
Minerals	12,994,416	55,784,702 (Saudi Arabia)	127,616	78,922,934 (Syria)
Metals	16,310,427	100,872,958 (Turkey)	4,611,844	11,709,343 (Syria)
Machinery and Appliances	1,920,477	34,892,412 (Turkey)	12,071,338	12,071,338 (UAE)
Vegetable Products	651,607	184,049,932 (Syria)	96,060,108	96,060,108 (UAE)
Plastics	3,735,411	123,480,297 (Saudi Arabia)	18,094,774	18,094,774 (UAE)
Prepared Foodstuffs	4,116,664	32,009,834 (Egypt)	2,913,625	5,874,894 (Lebanon)
Stone and Cement	2,202,867	15,788,393 (Turkey)	5,287,057	24,819,483 (Saudi Arabia)

Note: Unit of currency is the Jordanian dinar. Figures are sums of imports or exports from 1994 to 1997.

Trade between Jordan and the United Arab Emirates is not particularly strong. Jordan, however, did export nearly JD 100 million of **vegetable products** to the Emirates between 1994 and 1997. Trade in textiles was quite light. Jordan imported only about JD 620,000 from the UAE, and exported approximately JD 6.2 million in **textiles and garments** to the United Arab Emirates.

These trade figures suggest that medical products, foodstuffs, and garment manufacturing might be good industries to promote in the United Arab Emirates because trade and business connections already exist in these sectors. Promotion of the garment industry would most likely be done within free zones like Jebel Ali where there exists a large presence of foreign corporations that might find Jordan's QIZ scheme attractive.

4.4 Emirati Exports to the United States

Trade flows from the United Arab Emirates to the United States are significant because they are indicative of commercial sectors that might want to take advantage of the quota and duty-free access to the United States market that Jordan's QIZs offer. While Emirati nationals have not shown interest in the QIZ due to Israeli content requirements, foreign-owned companies in the UAE have expressed interest in learning more about QIZ investment opportunities. By looking at the UAE's exports to the United States, one can get a clearer understanding of what industries might be good to target for QIZ investment promotion.

“Annex C: Middle East Exports to the United States” highlights UAE and other countries’ exports to the United States for 1997 and 1998.¹² The Annex is divided into three sections: “Imports Greater than \$75 Million,” “Imports Greater than 25 Million but Less Than \$75 Million,” and “Imports Less Than 25 Million.”

The left side of each page of the Annex is organized by country and lists Standard Industrial and Trade Classification (SITC) codes, a description of the product, and export levels to the United States for 1997 and 1998. The right side of each page, organized by SITC code on one axis and country on the other, summarizes this same data in a table. Sectors with “Good Potential” for targeting for Jordan’s QIZs are highlighted in green. Those with “No Obvious Potential” are highlighted in red.

The sectors with the most potential for promotion in the QIZs based on volume of exports to the United States are listed below in Table 4.4.1.

Figure 4.4.1: UAE Exports to the United States (1997-1998)

SITC Code	Description	1997 Exports ¹³	1998 Exports
5161	Ethers, Alcohol Peroxides, and Derivatives	101,966,316	93,908,921
7443	Works Trucks Fitted with a Crane	33,496,202	0
8411	Overcoats, Carcoats, Capes of Woven Fabric (Men’s)	26,488,747	29,497,638
8426	Trousers and Overalls of Woven Fabric (Women’s)	37,493,444	38,493,262
8414	Trousers and Overalls of Woven Fabric (Men’s)	18,729,213	22,940,376
8415	Shirts of Woven Material (Men’s)	22,979,756	22,156,398
8421	Overcoats, Carcoats, Capes of Woven Fabric (Women’s)	14,966,576	15,971,841
8424	Women’s Dresses of Woven Textiles	18,557,119	16,958,658
8427	Women’s Blouses and Shirts	10,667,280	17,052,306
8458	Knitted or Crocheted Garments Not elsewhere classified	21,662,494	16,786,185

Note: All figures are in US dollars.

The sectors most significant to Jordan are those highlighted in gray—all garment manufacturing. In the United Arab Emirates, therefore, Jordan should focus its QIZ promotion efforts on foreign companies in UAE free zones that make the following garments highlighted above—**coats**, **trousers**, **shirts**, and **dresses**.

4.5 Dun and Bradstreet Database

TSG requested that Dun and Bradstreet assemble a database of companies located in the United Arab Emirates in the particular sectors listed in Table 4.4.1 above. The database lists the following four companies that manufacture or trade garments.

¹² TSG obtained this data from the United States Census Bureau.

¹³ Annex C refers to “imports” to the United States, although elsewhere this document refers to “exports” from the UAE (and other countries.) They are synonymous.

Table 4.5.1: UAE Companies in the Database

Company Name	Telephone Number	Sales to US	No. of Employees
Al Yashmac Trading Est.	971-4-71-2730 (Dubai)	\$ 0	5
Bagash Trading Est.	971-4-26-4741 (Dubai)	\$ 15,068,400	17
Embee Readymade Garments	971-6-33-3175 (Sharjah)	\$16,430,000	590
Paradise Garments	971-9-38-3228 (Fujairah)	\$ 0	400

Although the number of companies that appear in the Dun and Bradstreet database is small, this is not reflective of the number of the total number of companies in the **garment manufacturing** sector. In the case of the United Arab Emirates, a better source for company information would be free zone guides such as “Guide to Companies in the Jebel Ali Free Zone.”¹⁴

Table 4.5.1, however, is illustrative of what types of UAE companies that IPC should and should not target for QIZ promotion. For example, Al Yashmac Trading Est. might not be a good company to target if it is Emirati-owned and operated. The company is also very small and has no sales in the United States. It is not yet of the size to even consider overseas investment. On the other hand, Embee Readymade Garments represents the type of company that IPC should target. It has both large sales to the United States, and a large workforce. Assuming that the company is foreign-owned, and perhaps outgrowing its current capacity at its Sharjah plant, it might be interested in expanding operations to Jordan. IPC should also not overlook companies like Paradise Garments. Although the company currently might not sell to the U.S. market, it might be interested in doing so given the duty and quota-free access to the United States that the QIZ offers.

4.6 Interviews with Emirati Investors in Jordan

Between August 17 to September 25, TSG and CDG-Al Jidara interviewed Emirati investors, or their management representatives, in Jordan. A full list of the meetings conducted in Jordan is included in “Annex A: list of Meetings.” The field notes from these meetings comprise “Annex B: Meeting Notes.” The following provides a summary of these meetings.

- **Amman Chamber of Industry:** Jordan has the ability to attract some investments from the United Arab Emirates that serve the Middle East market. Jordan may have some comparative advantages to the UAE in some areas. Unlike Saudi Arabia, the UAE lacks a manufacturing base. The UAE is currently dependent on producing for overseas markets through free zones like Jebel Ali.

The Chamber of Industry has talked to the Sheikh of the ruling family in the UAE, who is interested in investing in Jordan. Several investors have contributed capital to establish a **holding company** used to fund UAE-Jordan joint venture projects in Jordan. The holding company would be established with about 90 percent Emirati capital, and 10 percent Jordanian capital. IPC can promote this by advertising the concept, identifying potential

¹⁴ IPC possesses an up-to-date version of this guide.

Jordanian investors, creating and publishing a checklist of potential investments., and gathering project profiles from companies looking for project partners.

- **LG Electronics:** The QIZ scheme was attractive to LG Electronics. The manager suggested promoting Jordan's **software** and **hardware** industries in Gulf countries.
- **Al Rabya Hotels, Tourism & Commercial Center Co.:** Emirati investors do not like facing bureaucratic red tape when investing in Jordan. Currently Egypt is providing better investment facilities than Jordan, and, thus, a lot of UAE capital is bypassing Jordan.

4.7 Advance Mission Interviews

During September 1999, a consultant from CDG-Al Jidara accompanied an IPC employee to the United Arab Emirates. The mission was initiated by the IPC with the intent to prepare for a Direct Mission to the UAE by the IPC to promote investment in Jordan and better understand the Emirati and Jebel Ali investment environments. A list of these meetings is included in "Annex A: List of Meetings," and field notes from the Advance Mission are printed in "Annex B: Meeting Notes."

The Advance Mission found two distinct investment environments in Abu Dhabi and Dubai. The business community in Abu Dhabi earned much of its capital in the oil industry. With the drop in oil prices, these investors are looking for ways to diversify their holdings. Nonetheless, they remain quite conservative, preferring to invest in **capital-intensive projects, large company joint ventures in telecommunications, and privatization projects**. These investors are looking for a long-term return on their capital. The Abu Dhabi business community primarily prefers to invest in the Emirates or other GCC countries because of a familiarity in the markets. After that, most Abu Dhabi investors are attracted to projects in industrially developed, not developing, countries.

The Dubai business community, on the other hand, prefers projects with a quick turnover of capital. These manufacturers and traders look for a return on capital of 12 to 15 percent. The current tendency of the Dubai investor is to invest within the Emirates in the real estate and service sectors, which are currently booming in the UAE. According to the Al Futtaim Group, projects like shopping malls in Jordan will probably not come to fruition within the next ten years because there is a greater return on such investments in other Middle East countries such as the UAE. Purchasing power is currently too low in Jordan to support such projects.

Many **garment manufacturing** companies have resided in Jebel Ali Free Zone in Dubai for five years or more. Many have plans to expand from garment trading to manufacturing. A lot of businesspeople in the garments industry are looking at Jordan because of the quota-free access to the United States market. Rising costs of production in the Jebel Ali Free Zone also make Jordan an attractive location to expand or move operations.

5. Egypt

5.1 Introduction

Egypt's large population and market size make it an attractive destination for both domestic and foreign direct investment. Despite the difficulties and bureaucracy faced by investors, the country, the sheer size of the market lures many overseas companies to Egypt. It also keeps Egyptian local capital within the country. It remains possible, however, to identify several sectors in which Jordan should promote itself to the Egyptian business community.

5.2 Milestone 9 Recommendations

The Milestone 9 report did not recommend any sectors to promote to Egyptian investors. Thus, Table 1.2.1 contains no recommended sectors for Egypt.

5.3 Jordanian Trade with Egypt

Business decisions are sensitive to the complex linkages between trade and investment. Therefore, the familiarity with the Jordanian market and business community established through trade might generate the necessary trust for Egyptian investors to put their capital in the Jordanian economy. TSG analyzed Jordanian-Egyptian trade data from the Jordan Department of Statistics. The resulting investigation is summarized in Table 5.3.1 below.

Table 5.3.1: Jordan Trade with Egypt

Industry	Imports		Exports	
	Egypt	#1 Middle East Country	Egypt	#1 Middle East Country
Chemicals	19,717,051	66,574,709 (Bahrain)	24,860,723	140,676,504 (Saudi Arabia)
Textiles	7,979,733	62,707,160 (Syria)	2,338,108	11,873,131 (Israel)
Minerals	1,331,393	55,784,702 (Saudi Arabia)	1,392,531	78,922,934 (Syria)
Metals	32,484,477	100,872,958 (Turkey)	3,619,524	11,709,343 (Syria)
Machinery and Appliances	5,514,283	34,892,412 (Turkey)	1,411,303	12,071,338 (UAE)
Vegetable Products	16,160,455	184,049,932 (Syria)	72,515	96,060,108 (UAE)
Plastics	6,001,263	123,480,297 (Saudi Arabia)	2,846,925	18,094,774 (UAE)
Prepared Foodstuffs	32,009,834	32,009,834 (Egypt)	2,673,604	5,874,894 (Lebanon)
Stone and Cement	5,092,312	15,788,393 (Turkey)	1,175,818	24,819,483 (Saudi Arabia)

Note: Unit of currency is the Jordanian dinar. Figures are sums of imports or exports from 1994 to 1997.

Trade between Jordan and Egypt was larger than that with the UAE, but significantly smaller than that with Saudi Arabia. Trade flows are the largest between Jordan and Egypt in the **Metals**, **Prepared Foodstuffs**, and **Chemicals** sectors. Jordan imported more Prepared Foodstuffs from Egypt than any other country in the Middle East—JD 32,009,834 between 1994 and 1997. This might make the prepared food industry a good sector for further investigation by IPC.

5.4 Egyptian Exports to the United States

Unlike Jordan, Egypt has not exercised its right to develop a QIZ scheme of its own. Although formal relations exist between Egypt and Israel, there still remains little interaction between the business communities of the two countries. Jordan may experience difficulty, therefore, in finding Egyptian investors that are interested in cooperating with the Israeli content requirements of a QIZ investment.

Nonetheless, TSG analyzed Egyptian exports to the United States to determine what sectors the IPC should target for QIZ promotion in Egypt. Egyptian garment manufactures face both duties and quotas in the U.S. market, thus making a QIZ an option for expansion of operations or joint ventures with Jordanian firms.

“Annex C: Middle East Exports to the United States” provides a complete summary of this U.S. Census Bureau data. Table 5.4.1 below summarizes the sectors in which Egypt has “Good Potential” for QIZ promotion based the volumes of exports to the United States.

Figure 5.4.1: Egyptian Exports to the United States (1997-1998)

SITC Code	Description	1997 Exports	1998 Exports
6513	Cotton, Yarn, and Other Sewing Thread	28,444,886	45,243,094
8426	Trousers and Overalls of Woven Fabric (Women’s)	26,802,493	42,584,104
8414	Trousers and Overalls of Woven Fabric (Men’s)	41,937,076	52,977,121
8415	Shirts of Woven Material (Men’s)	28,516,638	31,037,849
8437	Men’s Knitted or Crocheted Shirts	30,666,356	26,865,768
8453	Knitted Jerseys, Pullovers, Cardigans	50,733,545	55,333,170
8454	Knitted T-Shirts	25,585,933	29,870,704
8215	Wood Furniture	11,837,796	15,179,230

Note: All figures are in US dollars.

Egypt has a similar export profile as the United Arab Emirates.¹⁵ Both countries export large quantities of **garments (Trousers, Shirts, Knitted Wear)** to the United States. Egypt, however, also has a textile and yarn industry. In 1998, Egypt exported US\$ 45.2 million worth of **yarn and thread** to the United States.

The **Wood Furniture** industry remains an interesting sector for further investigation. Jordan has a small cottage industry of its own that may lend itself to the skills required to manufacture

¹⁵ See Table 4.4.1

furniture. All wood products would necessarily have to be imported to Jordan, however, and that, in itself puts Jordan at a disadvantage in the furniture industry.

5.5 Dun and Bradstreet Database

The Dun and Bradstreet Database contained three Egyptian companies that manufacture textiles, garments, or furniture. They are listed below in Table 5.5.1. However, this list is in no way indicative of the vast numbers of Egyptian companies in these sectors. Further research, or an Advance Mission to Egypt, should cultivate data from Egyptian business associations and chambers of commerce.

Table 5.5.1 below lists three Egyptian companies.

Table 5.5.1: Egyptian Companies in the Database

Company Name	Telephone Number	Sales to US	No. of Employees
EIM Investment Company	20-2-506-0286 (Cairo)	\$ 3,819,400	68
Modern Nile Cotton	20-3-420-2198 (Alexandria)	\$ 0	600
Rococo Alexandria Company for Furniture and Design	20-3-587-1466 (Alexandria)	\$0	30

All three of these companies warrant investigation due to their large sales to the United States, large workforce, or, in the case of furniture, new, unexplored sector.

5.6 Interviews with Investors in Jordan

In August 1999, TSG and CDG-AI Jidara conducted interviews with Jordanian organizations and one Jordanian company with Egyptian capital. These interviews were conducted in order to assess the satisfaction of the Egyptian investor in Jordan, and provide insights into what sectors the Egyptian business community might find attractive in Jordan. A full list of these meetings is contained in “Annex A: List of Meetings,” and the field notes for these meetings are contained in “Annex B: Meeting Notes.” A summary of these meetings is below.

- **Jordan Export Development and Commercial Centers Corporation (JEDCO):** JEDCO suggested promoting **textiles and clothing, processed foods, cosmetics and Dead Sea products, furniture, and software.**
- **Jordan Businessmen’s Association:** The Association has a joint business council with Egypt. They have offered to provide IPC good contacts with Egyptian companies.
- **United Coffee:** United Coffee has JD 38 million capital, 38 percent of which is Egyptian. The Egyptian investment stems from a protocol between Jordan and Egypt. Jordan has disadvantages over Egypt that include expensive water, higher wages and energy costs, and government specifications governing the quality of import materials. Jordan’s drawback

system is very beneficial to the investor, however. Additionally, the dry climate is excellent for storing **coffee**. The manager did not feel that Jordan should promote textiles because the country does not have good weaving or knitting technology. The QIZ, however, would be an attractive investment scheme because USAID's participation lends credibility to the system.

6. Turkey

6.1 Introduction

Turkey has been in the midst of an economic and financial crisis since the end of 1998. Turkish textile sales to Asia and Russia have been hard hit by the financial crises there as well. Textile exports to Russia decreased by 28 percent in the first eight months of 1998, and textile production decreased by 21 percent in the third quarter of 1998. This has led small and medium-sized textile and garment manufacturing companies to lay off up to 500,000 workers during 1998.¹⁶ Turkish exports, for example, dropped by 13.3 percent in June 1999 compared to 1998. Imports were down by 15.8 percent. As a result, textile exporters have requested additional U.S. quotas.¹⁷

Huge investments were made in the open yarn sector during the 1980s. This has fueled overcapacity and defaults on loans made in the textile industry. Industry leaders have petitioned the Turkish government to subsidize the weaving and knitting sectors.

The Turkish earthquake in August 1999 did not severely damage the economy, including the textile and garment manufacturing industries. Fiber producers Aksa and Al-al Tekstil reported damages to the Istanbul Stock Exchange.¹⁸

Imports of Turkish biscuits have hurt local Jordanian biscuit manufacturers who cannot compete with the cheap imports. Thus, the Jordanian government has considered enforcing special customs duties on biscuit imports. Jordanians annually consume 600,000 metric tons of biscuits. Such actions by the Government of Jordan would affect the attractiveness of the processed food and biscuit industries as destinations for Turkish FDI. In the wake of import restrictions, Turkish manufacturers might be more inclined to locate operations in Jordan. On the other hand, protective actions taken by the Jordanian government might drive the biscuit industry away from Jordan.

6.2 Milestone 9 Recommendations

Turkey was not included in the analysis undertaken in the Milestone 9 report.

6.3 Jordanian Trade with Turkey

TSG analyzed trade flows between Turkey and Jordan in order to better understand what business relationships already existed between the two countries. This is the starting point for assessing which Turkish industries might be good candidates for investment promotion.

¹⁶ "Turkish Government to Announce Measures to Help Textiles." *Emerging Textiles*, Dec. 11, 1998. <http://www.emergingtextiles.com/industries/111298.html>

¹⁷ "Turkey's Economy to Overcome Earthquake," *Emerging Textiles*, August 27, 1999. <http://www.emergingtextiles.com/cgi-bin/more.cgi.industries270899.html>

¹⁸ "Turkey's Economy to Overcome Earthquake."

Table 6.3.1 below shows the sectors in which trade between Jordan and Turkey is relatively strong.

Table 6.3.1: Jordanian Trade with Turkey

Industry	Imports		Exports	
	Turkey	#1 Middle East Country	Turkey	#1 Middle East Country
Chemicals	13,577,166	66,574,709 (Bahrain)	9,811,192	140,676,504 (Saudi Arabia)
Textiles	34,801,832	62,707,160 (Syria)	8,286,391	11,873,131 (Israel)
Minerals	925,077	55,784,702 (Saudi Arabia)	18,951,177	78,922,934 (Syria)
Metals	100,872,958	100,872,958 (Turkey)	88,299	11,709,343 (Syria)
Machinery and Appliances	34,892,412	34,892,412 (Turkey)	441,671	12,071,338 (UAE)
Vegetable Products	50,336,275	184,049,932 (Syria)	365,301	96,060,108 (UAE)
Plastics	19,714,896	123,480,297 (Saudi Arabia)	348,758	18,094,774 (UAE)
Prepared Foodstuffs	6,123,314	32,009,834 (Egypt)	978,399	5,874,894 (Lebanon)
Stone and Cement	15,788,393	15,788,393 (Turkey)	9,833	24,819,483 (Saudi Arabia)

Note: Unit of currency is the Jordanian dinar. Figures are sums of imports or exports from 1994 to 1997.

Jordan imports far more from Turkey than it exports. Imports of Turkish products are largest in the **metals, machinery and appliances, and vegetable products** sectors. Jordanian exports to Turkey are largest in the **minerals** sector. There also exists a small, but significant, amount of trade in the **garment and textile sectors**, and Turkish-made garments are highly regarded in Jordan. The size of the Jordan market itself is too small to convince some manufacturers to locate in the country. However, Turkish garment manufacturers or appliance and machinery companies might be enticed to locate in Jordan if they could be convinced that Jordan provided a platform from which to serve a larger Middle East, African, or even U.S. market.

6.4 Turkish Exports to the United States

Using data obtained from the U.S. Census Bureau, TSG analyzed exports from Turkey to the United States between 1997 and 1998. “Annex C: Middle East Exports to the United States” shows this analysis in detail. Utilizing Table 6.4.1 on the next page is a good starting point for identifying industries that might find Jordan QIZs attractive. The table lists sectors with “Good Potential” for QIZ promotion based on the level of exports to the United States during 1997 and 1998.

Although exports of **Turkish textiles and garments** to the United States is large, exports from Turkey to the United States are more diversified than those from the United Arab Emirates or Egypt. For example, Turkey exports **olive oil, jewelry, carpets, and components for pumps and automobiles**.

Figure 6.4.1: Turkish Exports to the United States (1997-1998)

SITC Code	Description	1997 Exports	1998 Exports
8453	Knitted Jerseys, Pullovers, Cardigans	113,012,691	129,506,918
8973	Jewelry of Gold, Silver, or Platinum	114,163,437	163,248,773
4214	Olive Oil	26,950,230	16,836,776
6584	Linens for Bed and Table	28,247,865	59,265,316
6592	Carpets and Other Textile Floor Coverings	30,299,602	35,704,532
8426	Women's Woven Trousers and Overalls	54,491,530	86,741,726
8428	Women's Underwear and Pajamas, Woven fabric	54,696,845	59,781,105
8447	Women's Knitted/Crocheted Blouses and Shirts	34,005,219	35,717,078
5822	Plates, sheets, and strips of Plastic	17,734,119	15,426,714
6536	Woven Fabrics of 85 % Artificial Fibers	23,998,742	17,220,763
6538	Woven Fabrics of Less than 85% Artificial Fibers	10,095,104	15,214,052
7429	Parts of Pumps for Liquids and Liquid Elevators	21,414,187	22,050,688
7843	Parts and Accessories for Tractors and Cars	14,656,074	19,463,645
8414	Trousers and Overalls of Woven Fabric (Men's)	18,107,988	14,956,583
8415	Shirts of Woven Material (Men's)	13,984,479	13,650,453
8416	Men's Underwear and Pajamas, Woven	18,634,643	21,155,448
8427	Women's Woven Blouses and Shirts	18,176,677	13,641,750
8438	Men's Knitted Underwear and Pajamas	10,498,141	10,435,584

Note: All figures are in US dollars.

6.5 Dun and Bradstreet Database

Dun and Bradstreet assembled a database of companies located in Turkey in the particular sectors identified in Table 6.4.1. The database generated 858 such companies in Turkey. Unlike the UAE and Egypt, for which the database generated only three or four registers, the large Turkish database is a valuable promotion tool.

The database will allow IPC to pinpoint the following:

- **Best location within Turkey to conduct promotion efforts.** The database allows the user to filter by SIC code. When one filters the textile and garment SICs, the database shows that the majority of these companies are located in Istanbul, with a handful in Izmir, and several others scattered throughout the country. Thus, IPC should concentrate its Advance Mission efforts in Istanbul for the garment and textiles sectors.
- **Size of companies to target.** IPC should target relatively large companies that have outgrown the capacity of their Turkish facilities, have not been extremely hurt by the Turkish financial crisis, and might be interested in expanding operations overseas. The database allows the user to filter the size of the company by sales and number of employees.

When the database is filtered to remove companies with local sales less than US\$ 5,000,000 and with less than 500 employees, the result is the list of companies on the next page. This is a good contact list from which to make initial calls in the textile and garment sectors for the

Advance Mission to Turkey. Table 6.5.1, however, is not an exhaustive list of all of the Turkish companies on the Dun and Bradstreet database.

Table 6.5.1: Turkish Garment and Textile Companies for Initial Advance Mission Investigation

Company Name	Telephone Number	Sales to US	No. of Employees
Bilkont Dis Ticaret ve Tekstil Sanayi	90-212-637-1250 (Istanbul)	\$ 53,248,164	1500
Oztay Tekstil Kinfeksiyon Sanayi ve Pazarlama AS	90-212-431-9427 (Istanbul)	\$ 21,605,369	2398
Erak Giyim Sanayive Ticaret Ltd. STI	90-212-544-6060 (Istanbul)	\$ 8,156,332	950
Eroglu Giyim Sanayi ve Ticaret Ltd. STI	90-212-690-2110 (Istanbul)	\$ 5,337,585	650
Altinyildiz Mensurcat ve Konfeksiyon Fabrikar	90-212-552-3241 (Istanbul)	\$ 10,110,225	1000
Akin Tekstil AS	90-212-543-6440 (Istanbul)	\$ 10,779,305	1600
Dogus Tekstil Isletmeleri Sanayi ve Ticaret AS	90-212-624-9900 (Istanbul)	\$ 5,891,209	600
IGS Istanbul Giyim Sanayi ve Ticaret AS	90-212-591-4440 (Istanbul)	\$ 8,410,748	2150
Aksa Akrilik Kimya Sanayi AS	90-212-251-4500 (Istanbul)	\$52,651,780	656

6.6 Interviews with Turkish Investors in Jordan

In August 1999, CDG-Al Jidara and TSG consultants conducted interviews with Jordanian government agencies and one Turkish company with investments in Jordan. The purpose of this exercise was to better understand the Jordanian business sectors, incentives, and attributes that attract Turkish FDI. “Annex A: List of Meetings” and “Annex B: Meeting Notes” contain more information about the companies and organizations visited. A summary of those meetings is below.

- **Amman Chamber of Commerce:** Jordan imports a lot from Turkey, so business relations are strong. The Amman Chamber has received a Turkish delegation. The Chamber suggested targeting Turkey for **dairy products**, as they have a wealth of knowledge in animal husbandry. Turkey is also strong in the maintenance of equipment and machinery. The Chamber suggested promoting Jordan as a **regional maintenance center**.
- **Jordan Public Payphone :** Romeli Telecommunications, a Turkish mobile telephone network, is the parent company of JPP. They are now also considering investing in the **tourism** sector in Jordan.

Annex A: List of Meetings

JORDANIAN ORGANIZATIONS

August 16, 1999

Investment Promotion Corporation
Ms. Reem Badran, Director General

August 17, 1999

Amman Chamber of Industry
Dr. Mohammad Smadi, General Director/Advisor

August 18, 1999

Jordan Export Development and Commercial Centers Corporation (JEDCO)
Mr. Moayad Samman, Assistant Director General

August 22, 1999

Amman Chamber of Commerce
Mr. Abdallah A. Attieh, Assistant Director, Research Directorate

Jordan Businessmen's Association
Mr. Ali Youssef, Director General
Mr. Fakhri Bilbeisi, Member of the Board

MIDDLE EAST INVESTORS IN JORDAN

August 17, 1999

LG Electronics (Saudi Arabia, United Arab Emirates, Oman)
Mr. Osama D. Khalili, Chairman and President
Eng. Ghazi F. Faraj, Assistant Manager of Marketing and General Services

Saudi Binladin Group (Saudi Arabia)
Dr. Dia Malaeb

August 18, 1999

Vendome Hotel (Saudi Arabia)
Mr. Maher F. Al-Ghalaiyini, President

Al Riyadh Al Khadra'a (Saudi Arabia)
Mr. Ossama Abu Baker

August 19, 1999

United Coffee (Egypt)
Mr. Samir Arabiat, Assistant General Manager

Amman Pharmaceuticals (Saudi Arabia, Iraq)
Mr. Mohammad I. Atrash

August 25, 1999

Jordan Public Payphone Co. (Turkey)

Al Rabya Hotels, Tourism & Commercial Center Co. (United Arab Emirates)
Mr. Sa'ad F. Jabaji, Owner's Representative

ADVANCE MISSION TO UNITED ARAB EMIRATES

September 25, 1999

Tricon Group
Dr. Shaika Al Maskari, Chairman

Universal Group
Mr. Mohammed Shaheeb Al Dhaheri, Managing Director

World Trade Center—Abu Dhabi
Mr. Osama Ghanoum, General Manager

Nubani Trading Company
Mr. Nayaf Nubani, General Manager

September 26, 1999

Abu Dhabi National Hotels
Mr. Leonard Menezes, Director Hotel Operations

Dhafra International Project Group
Ibrahim Jaffal, Owner's Representative

Abu Dhabi Chamber of Commerce and Industry
Dr. Souhail Hamade, Head of Economic Studies and Section

Jordanian Expatriate Focus Group-1
Al Muhairy General Contracting Company
Mr. Riad Al Asadi, Deputy General Director

Delta International Petroleum Services
Mr. Maher Khrais, Managing Director

Control Contracting and Trading Company Pvt.
Mr. Saleh Muqattash, Managing Partner

Union Group
Mr. Zuhair Hijjawi, President

United Arab Electronics
Mr. Jack Matter, Managing Director

Engineering Building Materials
Mr. Saadeddine Abu Zahra, Partner and General Manager

Arab Technical Construction Company
Mr. Faher Khalil, General Manager

Jordan Expatriate Focus Group-2
Al Habtoor
Mr. Abdullah Muwahid, Area Manager

Gulf Sail
Mr. Mushref Ali Khatlan, General Manager

Al Mnahal General Transport Est.
Mr. Khatlan Fahmawi, General Manager

Emirates Link Maltauro L.L.C.
Mr. Maher Sandid, Technical Manager

Trace Trading
Mr. Hisham Al Khateeb, Branch Manager

September 27, 1999

Fajer Enterprises
Mr. Kamal Abdul Mutalleb Kuhail, Group Finance Manager
Mr. K.V. Varghese, Senior Accountant
Mr. Shuja'a, Manager of Al Fajer Fashion Company

Dubai Chamber of Commerce and Industry
Mr. Abdul Rahman Al Mutaiwee, Director General
Mr. Omar Deesi, Head of Public Relations Section/ Foreign Relations Department

Emirates Financial Services
Mr. Shehab Gargash, Senior Manager, Investment Banking

National Bank of Dubai
Mr. P.S. Sastry, Senior Manager

September 28, 1999

ATRACO Industrial Enterprises

Mr. Fakhruddimne Amiji, Managing Director

Al Habtoor Group

Mr. Rami Shiabuddin, Director Research and Studies

Majid Al Futtaim Group of Companies

Mr. Hassan Dahabiyeh

World Trade Center—Dubai

Mr. K. Chandrashekar, Financial Controller

September 29, 1999

Dubai Aluminum

Mr. Saed Mohamed Ahmed, Manager

Mr. E.I. Regeroni, CEO

Jebel Ali Free Zone Authority, Public Relations and Marketing and Sales Departments

Ms. Alia Sulaiman

Mr. Marc Haslam

Mr. Michael Muaddi

LEO Systems Middle East

Mr. Hassan Ashi, General Manager

Mr. Amer Khreino, Territory Sales Manager

Al Nimran Group

Mr. Amir Khalaf, Finance Manager

Pure Food Lrd

Mr. Sarwar Syed, General Manager

September 30, 1999

Dubai Investments

Dr. Ahmad Khayat, Manager Projects

ADVANCE MISSION TO SAUDI ARABIA

September 26, 1999

Saudi Fisheries Company

Mr. Abdulatif. I. Al-Ajaji, General Manager

Mr. Ahmed M. Al-Amoudi, General Manager of Sales and Marketing

Mr. Sami M. Al-Zaben, Marketing Manager

Kanoo Group

Mr. Abdul Aziz Q. Kanoo, Deputy Chairman

Mr. Bader Abdulazziz Ahmed Kanoo, Director

September 28, 1999

Al Malik

Eng. Adnan Ibrahim Al Malik

Salehiyah Establishment

Dr. Ali Azzam, Pharmacist and Deputy General Manager of Pharmaceutical Division

September 29, 1999

El-Ajou Group

Mr. Iad D. Abu-Maizer, General Manager of Investments, El-Ajou Group

Mr. Mazen Dalati, General Manager, Al-Jeel Medical Co. Ltd.

Kingdom and National Industrialization Company

Mr. P.J. Suoukair, Assistant Executive Manager, International Investments (Kingdom)

Mr. Tahsin Y. Durubi, Advisor, National Industrialization Company

September 30, 1999

Jeraisy Group

Mr. Thar M. Al Badry, Assistant General Manager of Public Relations

Olyan Financing Company (OFC)

Mr. Ahmed Fouad Dajani

Al Watania Industries

Eng. Ahmed S. A. Al Rajhi, General Manager of Al-Watania Industries

October 2, 1999

Abdulla Fouad Co.

Mr. Omar Malik, Regional Manager of Medical Supplies Division

Al Gothami Group

Mr. Fahd Hasan Al Gothami, Vice President

Dr. Omar Ismail M. Al Awour, General Manager and Expert, Al-Hassan National Hospital

National Automobile Company

Mr. Erich Glantz, General Manager

October 3, 1999

Haji Abdullah Alireza & Co. Ltd.

Mr. Mohammad Qamar Zaman, General Manager of Projects and Commercial Affairs

Star Markets Trading Co. Ltd.

Mr. Hohie Eldin Said, General Manager

Binladen Group International

Eng. Ahmed M. Anees, Estimation Manager and Project Management Consultant

Mr. Wisam Sultani, Contracts Manager

Zahid Industries and Investments Ltd.

Mr. Aladdin R. Sami, Vice President of Finance and Business Development

October 4, 1999

Farouk, Maawmoun, Tamer, and Company

Mr. Ossama Al Atabah, Pharmaceuticals Division Chief

Mr. Mazen M. S. Mindara, Executive Manager, Integrated Data Solutions

October 5, 1999

National Marketing Company (Isam Kabbani Group)

Mr. Allauddin Mohammed, Export Manager

Annex B: Meeting Notes

Annex C: Middle East Exports to the United States

